

Vermont Payment for Ecosystem Services and Soil Health Working Group

Summary of Meeting #24: April 5, 2022

More detailed information, including presentation slides and the meeting recording can be found at <https://agriculture.vermont.gov/pes>.

Introduction

The Payment for Ecosystem Services (PES) and Soil Health Working Group held its twenty-fourth meeting on April 5, 2022. The objectives of the meeting were to hear updates from the UVM research team on net-zero farm operations with regards to greenhouse gas emissions (Task 7), the farmer payment level survey and stakeholder engagement (Task 3), and program design (Task 8), to consider next steps for detailed program design, and to hear public comment.

Summary of discussion

Christopher Bonasia and Lindsey Ruhl reviewed findings from the analysis of Net-zero Farm Operations with regards to Greenhouse Gas Emissions (Task 7). The study involved a systematic literature review, interviews, and SWOT analyses of 8 tools. The tools fall under two categories – process-based tools (which attempt to simulate biological and geochemical processes in the soil for individual farms) and emissions factors tools (which are empirical tools and rely on projections of process-based tools for larger geographic units). Some models also include forests, wetlands, and land-use change, both in terms of their absence or presence and the effects of integrating and decoupling these features. Most tools are freely available and can be easily downloaded. However, several require users to have advanced training. Key considerations include the availability of data (tradeoffs between accuracy and cost, using existing data sources, and data accounted for elsewhere), cross-over with other initiatives in the state (such as the Global Warming Solutions Act and Pay for Phosphorus).

Working Group members suggested considering whether the data needed can be easily transferred from goCrop and other programs used in Vermont. The team will share a final version of the report shortly, feedback from which can inform future program design decisions.

Afterward, Alissa White and Nour El-Naboulsi reviewed preliminary findings from the farmer payment level survey and interviews under Task 3. The team has received 163 valid responses to the survey to data, with 140 farmers filling out most of the questions. Key insights and these so far are as follows –

- Compensation needs to be “worth it” – 80% of farmers felt that they should be compensated for the burden of data collection, tracking, and sharing
- Different types of burden can deter participation, including
 - Paperwork around enrollment and reporting
 - Added costs of management changes and farm activities
 - Distrust of government
- Value comes in many forms of compensation, including
 - Monetary payments to offset costs, through many farmers are resistant to the idea of monetary payments because they already recognize the value of maintaining soil health
 - Tax reductions

- Learning and technical assistance
- Soil health and future benefits to productivity
- Information and data
- Collaboration with other farmers

The researchers estimated that \$800 per farm would be the minimum needed to incentivize participants who were deterred by the perceived enrollment and reporting burden. The researchers also estimated that \$225 per farm would be the minimum needed to incentivize participants who were deterred by the burden of basic soil sampling, recognizing that larger farms may require more time and hence greater compensation.

Working Group members made several suggestions, including that framing the question around “paying for soil health” may not be an accurate framing, given that Pay for Phosphorus pays farmers for participation. Another reflection was that farmers might be undervaluing their time and value in their willingness to accept estimates. A member also shared that farmer-to-farmer networks and learning groups are becoming increasingly relevant, particularly given successes in Saskatchewan, Canada and Uttar Pradesh, India. The researchers offered to continue to share updates over the next several meetings as they draft a report.

Afterward, Jon Winsten reviewed key themes from the forthcoming report on program design options (Task 8). Key highlights are as follows –

- The Working Group should define clear goals and specific objectives against which upcoming decisions can be assessed
- Key issues to consider include
 - Is the focus on in-field soil health or the whole farm?
 - What are the quantifiable targets of the program (and the timeframe)?
 - What is the balance between cost-effectiveness and fairness?
- Pilot-testing will be critical, along with the availability of “boots-on-the-ground” staff during implementation
- Considerations should be made for compatibility with existing programs (like EQIP) around “double-dipping” and maximizing the comparative advantage for farmers

One attendee asked whether a progressive carbon tax could be a part of the program to create a pool of funds from which the program could be administered. Jon Winsten replied that that was a matter of fiscal policy (and beyond the Working Group’s scope), and it would be up to the Legislature to decide if and how to fund a program.

The Task 8 report will be finalized in the coming weeks and shared with the Working Group for review.

Ryan Patch (AAFM) then gave an overview of potential next steps on program design. The House included the Governor’s recommended \$1 million General Fund appropriation for the Working Group. The bill includes, among other things, language to run a pilot program under Vermont Environmental Stewardship Program (VESP). He proposed that the Working Group work over the next 6-8 weeks to develop a program framework then recess for the summer and farming season. During this time, a smaller group would work on designing a program based on that framework, before the Working Group reconvenes in September.

Key milestones that would need to be completed before the summer break would be –

- Determining intended outcome(s) for 2022 (additional research, pilot program, other)
- Discussing PES Program Goals and Identifying Assumptions (setting program objectives and identifying existing points of consensus on program development)
- Developing a workplan (identifying upcoming decision points and developing a timeline/plan for decision-making)

Working Group members generally agreed with solidifying a pilot program and the proposed timeline. Members suggested deciding soon whether the program would have a baseline for payments (in order to reward early adopters).

Pat Field (facilitator) shared that he would circulate straw proposal document of program objectives to initiate Working Group discussion in advance of the next meeting.

During public comment period, one member of the public encouraged adopting nature-based solutions (like PES, regenerative land management, and habitat restoration) for carbon capture and storage in response to the threats of climate and ecological change.

The meeting was adjourned at 2:10 PM.